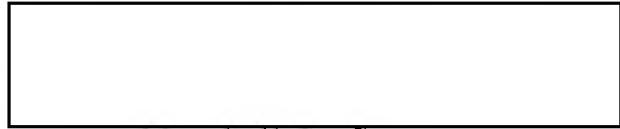


64-17021

6 March 1964

MEMORANDUM FOR THE RECORD

1. I showed the attached memo to Mr. McGeorge Bundy of the White House, who read it thoroughly. I also showed it to Mr. Bill Bundy who thumbed it hurriedly and stated that, to his knowledge, in connection with paragraph 4 he had not sent any memo to Hilsman on the subject although he had been disturbed by the message. I also showed it to Mr. Bill Colby who said he was even more disturbed than the DD/I people.
2. Mr. McGeorge Bundy understood my concern and stated that while it was primarily a policy matter, there should certainly have been intelligence inputs. I told him that it had not been coordinated with us in any way. He said he was not constrained to take any action to exacerbate an already difficult situation as regards State Department handling of Far Eastern matters. He preferred to wait until his brother Bill got over into the State Department and was able to put the lynchpins all back in place and get the machinery operating properly again. I told him I thought that the message had been handled along the lines of State #243 of 24 August to Saigon, although the consequences of the Djakarta action were not as serious as those of Saigon.



25X

Marshall S. Carter
Lieutenant General, USA
Acting Director

Attachments:

- A. Memo dated 5 March 1964, Subject: Comment on State Outgoing 946 to Djakarta (unsigned; prepared by DD/I)
- B. Background Cables (State 946 to Djakarta; Djakarta 1802 and 1804 to the Department of State)

Distribution:

Original - DDCI w/atts A & B 1 - DD/I w/atts A & B
1 - EA/DCI w/att A 1 - C/FE via DD/P w/att A
1 - ER w/att A

SECRET

64-1702

5 March 1964

MEMORANDUM

SUBJECT: Comment on State Outgoing 946 to Djakarta

1. State Outgoing 946 Djakarta was initiated by Harriman who was disturbed by a cable last week from Ambassador Bell (Malaysia). Bell suggested that Indonesians may not have understood the full import of the recent Malaysian declaration of an air defense zone over northern Borneo; he suggested that Djakarta might seek new channels in getting across the seriousness of the situation to the Indonesians.

2. Cuthell, SPA Chief at State, drafted this cable for Harriman. Harriman deleted all reference to approaches to Indonesian civilian leaders, retaining only suggested approaches to military, especially Nasution. The cable was dispatched.

3. DDP was consulted only vaguely on the cable. Monday evening, 2 March, [redacted] was called by Cuthell for information on the reference number of a certain document cited in the cable. DDP had no idea of the content and is upset because the cable cites three Djakarta cables [redacted]. [redacted] is more disturbed, however, by what he sees as a new approach in Indonesia undertaken without prior Agency consultation.

25X1

25X1

4. DOD/ISA was also disturbed by States unilateral action and Bill Bundy has memoed Hilsman on the subject. There was no coordination with any other DOD unit.

5. The Department of State appears to be rethinking its policy on Indonesia without having actually determined as yet on a new tack.

6. State outgoing 946 suggests that embassy and AID officials in Djakarta try to generate through the Indonesian military a change in Sukarno's own policies,

SECRET

Approved For Release 2003/10/29 : CIA-RDP80B01676R001400040069-0

particularly Malaysian confrontation. Such a change, if achieved, would thereby obviate a need for the United States to alter its own course toward Djakarta. If this proposed effort (i.e., to encourage the military to press Sukarno) is unsuccessful then the United States would face the fact that its policy toward Indonesia is bankrupt and that the US must face the risk of antagonizing Sukarno.

7. The suggested approach to the military seems unlikely to bring the desired results. The Indonesian military--principally the army--already has attempted for some years to control Sukarno. It has particularly tried to persuade him against pro-Communist domestic policies, a pro-bloc international alignment, and adventurism that could lead to actual war. Although it may have delayed the implementation of some of Sukarno's policies, it has been essentially unsuccessful.

8. Military leaders are most unlikely at this time to make a unified approach to Sukarno, and attempts by individuals would only bring presidential suspicion and loss of favor and power. Moreover, the suggested approach would probably be interpreted by Sukarno as another Western effort to separate him from his support and remove him from power. The approach probably could not be kept secret and the Communists would also exploit it as an anti-Sukarno move by the West.

9. Military leaders apparently find that since they are embarked in the anti-Malaysian effort it is to their advantage to continue it in some form. Any military involvement brings increased political influence to military leaders and at least some of these leaders believe that this influence is helpful in competing with the Indonesian Communist Party.

10. Any approach to the Indonesians on the Malaysia issue would probably have to be made directly to Sukarno to have any chance of success.

7 w/ Malaysia vs. 100 w/ Indos' - 2 -

X1

SECRET

Approved For Release 2003/10/29 : CIA-RDP80B01676R001400040069-0

100

01178

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
 CHARGE TO

43 SECRET

57
Origin
55
Info

30437

BACKGROUND USE ONLY

ACTION: Anembassy DJAKARTA IMMEDIATE
INFO: Anembassy KUALA LUMPUR946
741

113 7 44 PM '61

LINDIS

1793
Re Djakarta's 1802 and 1804; Kuala Lumpur's 787; ~~RECORDED~~ ~~650X650~~

Department is aware that Embassy has in past months kept Sukarno and Subandrio well informed as to our views on where Indo foreign policy and economic problems can lead. Net impact of this regular restatement of our position has been disappointing, although Department believes present situation would be worse in absence of pressures from our side.

Essence of problem seems to be that Sukarno recognizes our refusal to support confrontation, accepts our statements of support for Malaysia although annoyed by them, and is willing to face possible loss of both current and potential U. S. aid. He seems to discount chances that U.S.-Indo relations can deteriorate to breaking point if COI presses its quarrel with

GOI to stage ~~open~~ open hostility, and in general assumes that he can ~~achieve~~ ~~achieve~~ his objectives continuing guerrilla action ~~without~~ ~~without~~ by methods including ~~force~~ ~~force~~ without seriously endangering his international position.

Problem is accentuated by fact, which emerges in above references, that those who are in position to influence Sukarno toward rational foreign and particularly military, economic policies, are not doing so. ~~RECORDED~~ ~~650X650~~

Drafted by:

FE:SPA:DCCuttell/EGIngraham:acc

Telegraphic transmission and
classification approved by:

W = W. AVOCETTE E. INGRAM

Clearances:

FE-Mr. Ellsman

S/S- Mr. Mills

Page 2 of telegram to Amembassy DJAKARTA; INFO: Amembassy KUALA LUMPUR

~~SECRET~~

11. *Leucanthemum vulgare* L. (Fig. 11)

In case of PKI, it is obviously in commies' interest to encourage present course toward mounting international tension and domestic economic collapse. Department has noted recent reports that PKI has lured Sukarno into agreement that PKI will not play up current economic troubles if Sukarno will keep up active confrontation, but that PKI is at same time pushing campaign against foreign PKI undoubtedly wants break with US to permit takeover US investments including oil business interests./ PKI is thus ready to profit now from confrontation and be ready with plan based on break with West if economic conditions reach crisis stage.

Department has noted Bell's suggestion (Banda Lampur's 78) that time has come to draw on relationship we have built up with Indonesian military in effort head off

Page 3 of telegram to Ambassy DJAKARTA; INFO: Embassy KUALA LUMPUR

SECRET

COI before it too late. This should be done to maximum extent possible in context of this "educational" campaign, since our capital with them will be completely expended in any event should Indo actions force us side openly against them.

Col. Benson and attaches should see Nasution and such other military leaders as they and Ambassador think useful.

Embassy familiar with most appropriate lines to take with each group, i.e., stressing to ~~communist~~ that present situation playing directly into PKI hands, and will be tailoring them to fit individual targets. In addition the obvious points, should try impress upon them the following over-all assessment:

1. If Indo resumes all-out confrontation result can only be (1) complete ~~breach~~ between Indo and free world, with Indo forced either eke out meager existence in isolation/~~return~~ as supplicant to Bloc, which would then respond, if at all, with aid designed to help PKI, or (2) growth of internal pressures within Indo of such magnitude as to threaten both present leadership and internal ~~unity~~. ~~Whether~~ ~~any~~ materializes, Indo's prestige and status as nation would be shattered.
2. Indo military must face fact that if they escalate military confrontation they risk war with British, who have capacity knock out Indo offensive ability quickly. Such defeat would end position of control of Indo military leaders.
3. As far as U.S. concerned, we being driven to point at which we recognize growing possibility parting of ways with Indo. For years U.S. Govt has made sustained ~~help~~ effort understand Indo aspirations and try/obtain them. In ~~last~~ ~~last~~ case, we

SECRET

Page 4 of telegram to Amembassy DJAKARTA, INFO: Amembassy KUALA LUMPUR

SECRET

went to length of risking strained relations with old and close allies in order encourage peaceful settlement favorable to Indo. Present case bears no relation to West Irian since it involves Indo campaign not against colonial territory to which it has any sort of claim but against sovereign state which U.S. and most of world value as friend. Despite our inability accept Indo position vis-a-vis Malaysia, however, and in face strongly adverse reaction both from U.S. public and from U.S. allies, US Govt has made continuous effort (culminating in Attorney General's mission) to encourage peaceful settlement on terms not adverse to Indo's legitimate interests. Despite this record, we now find U.S. singled out as target by much of Indo press and leadership, and U.S. companies in Indo threatened with seizure or violence. U.S. Govt and people cannot be expected put up with this forever, and must react strongly if our interests damaged by GOI or PKI.

4. Would be naive for Indos to think there are any differences or conflicts in US and UK policies toward Southeast Asia which they can exploit. /^{US} and UK are allies. ANZUS Treaty obligations apply if Australian and New Zealand forces involved.

5. In considering implications foregoing, Indos should not be so naive as to think they can find useful alternative support among Western Europeans (French, Dutch), Afro-Asians or Bloc. While certain Western Europeans have pursued policy similar to ours in avoiding taking sides, GOI can be sure none will abandon UK and Malaysia if forced make choice. Nor can real support be found among AF's, most of whom recognize Malaysia, have nothing against British, are generally preoccupied with own problems and, in any event, have nothing to offer in way tangible support. As far as Bloc concerned, Indos must be aware situation has changed radically since

SECRET

Page 5 of telegram to Anembassy DJAKARTA; Indo; Anembassy KUALA LUMPUR

SECRET

early postwar days of East-West ~~confrontation~~ when foe of one automatically taken up as friend of other.

6. By drying up sources foreign aid and disrupting trade, confrontation has seriously hurt Indo economy and virtually eliminated hopes for economic development in near future. Quite aside from its impact on population as whole, Indo military must realize this directly affects them. However large and well equipped its forces in being, Indo is not and will not be significant military power -- able realistically claim capacity to defend country -- so long as industrial-technical base to sustain these forces totally absent. At best will take years or decades create this base, but every day confrontation continues pushes that goal farther in future.

believes Department realizes carrying out foregoing will be delicate task, but agrees withxReilly that time for such an effort has arrived. Request Embassy reaction.

GP-3

END

RUSK

28828

CONFIDENTIAL

Action OO RUOTLN RUEHQS
DE RUMJBT 1425A 29/0035*
O P 290000Z ZEA
FM AMEMBASSY DJAKARTA
Info TO RUEHCR/SECSTATE WASHDC
INFO/RUMTBK/AMEMBASSY BANGKOK
RUMJKL/AMEMBASSY KUALA LUMPUR
RUOTLN/AMEMBASSY LONDON
RUMJMA/AMEMBASSY MANILA
RUJALOT/AMEMBASSY TOKYO
RUHPA/CINCPAC
STATE GRNC
BT

REPRODUCED FOR SPIN

0 2 0 4 0 7

1964 FEB 28 PM 9 11

CLASS
EMBASSY

LIMIT DISTRIBUTION

DEPTEL 929 RPTD KUALA LUMPUR 728

WHILE THERE IS EVERY OBJECTIVE REASON THINK INDO LEADERS SHOULD BE CONCERNED OVER EVER MORE SERIOUS PLIGHT THEIR ECONOMY, DANGERS OF POSSIBLE ESCALATION OF CONFLICT, AND GROWING DOMESTIC POLITICAL RISKS VIS-A-VIS PKI, BEST EVIDENCE WE HAVE IS TO CONTRARY. ALTHOUGH INDO MILITARY DO APPEAR ANXIOUS AVOID DIRECT CLASH WITH BRITISH AND THERE NO RPT NO EVIDENCE THAT MILITARY HAVE MADE PREPARATIONS FOR LARGE-SCALE INVOLVEMENT IN KALIMANTAN, OR WOULD SEEK SUCH ROLE, INTELLIGENCE DOES INDICATE STEP-UP IN PARA-MILITARY

PAGE TWO. RUMJBT 1425A C O N F I D E N T I A L
OPERATIONS IN BOTH KALIMANTAN AND MALAYS SINCE CEASE-FIRE.
THERE ALSO REMARKABLE LACK ANY VOCAL DOMESTIC OPPOSTION TO "CRUSH MALAYSIA" CAMPAIGN. ON CONTRARY, THERE IS IMPRESSIVE VOCAL SUPPORT FOR THIS POLICY BY INDO ELITE. IF GOI WILLING NEGOTIATE CONFRONTATION, IT MORE LIKELY IN DIRECT PROPORTION TO FAILURE OF PRESENT CONFRONTATION POLICY ACHIEVE MEASURABLE PROGRESS TOWARD ANNOUNCED GOAL. DESPITE FOREGOING ANALYSIS, WE SEE NO RPT NO CONSTRUCTIVE WAY APPROACH THIS PROBLEM NOW RPT NOW THAN ON BASIS HYPOTHESES IN REFTEL THAT GOI INTERESTED IN SEEKING SOLUTION, RECONGNIZING HOWEVER THAT 180 DEGREE TURN IN INDO ATTITUDES AND ACTIONS WOULD HAVE TO OCCUR TO MAKE SUCH APPROACH SUCCEED.

CONFIDENTIAL

REPRODUCTION PROHIBITED
PROHIBITED UNDER 17 U.S. LAW

CONFIDENTIAL

- 2- 1802, February 28, from Djakarta.

IN OUR OVERALL EFFORT WITH INDOS TO BRING ABOUT SUCCESS THIS ENDEAVOR, WE FEEL FOLLOWING ESSENTIAL:

1. CONTINUE ATTEMPTS CONVINCE INDOS OF STEADFASTNESS BRITISH POLICY AND DANGERS ESCALATIONS..
2. AT SAME TIME SEEK TO REASSURE INDOS THAT BRITISH ARE NOT NOT RPT NOT OUT TO UNDERMINE INDONESIA
3. WHEN THEY REQUEST OUR ASSISTANCE TO RELIEVE ECONOMIC PROBLEMS CONFRONTATION HAS CREATED, CONTINUE REMIND INDOS THAT WE UNABLE POLITICALLY TO RESPOND WHILE THEY PURSUE MILITARY CONFRONTATION AGAINST MALAYSIA, UNLESS EXCEPTION IN US INTEREST.
4. SEEK TO INVOLVE THAIS AND, IF POSSIBLE, UN IN MORE URGENT MONITORING OF ACTUAL INDO INTRUSIONS INTO MALAYSIAN TERRITORY.

PAGE THREE RUMJBT 1425A C O N F I D E N T I A L

5. TO EXTENT WE CAN DO SO, KEEP MALAYSIANS ON COURSE WHICH WILL HOLD INDONESIA IN ITS UNCOMFORTABLE POSITION OF HAVING TO JUSTIFY BEFORE SCEPTICAL WORLD BADLY EXPOSED COVERT MILITARY AGGRESSION.

6. CONTINUE SEEK FACE-SAVING FORMULAE FOR SUKARNO WHICH DOES NOT INVOLVE CONCESSIONS WEAKENING MALAYSIA.

7. DESPITE EVERYTHING, ATTEMPT BY ALL AVAILABLE MEANS KEEP CEASE-FIRE GOING.

8. IF MEANINGFUL SETTLEMENT OF DISPUTE DOES NOT DEVELOP, UTILIZE FOREGOING TO STALL OF TIME (WHICH IS NOT NECESSARILY ON SIDE OF INDOS), HOPING THEIR INTRANSIGENCE WILL SPEND SOME OF ITS FORCE

IN CONNECTION IMMEDIATE TACTICS WITH GOI, BEFORE SECOND FONMINS MEETING MARCH 3 IN BANGKOK, FOLLOWING IS RELEVANT:

GOI PUBLIC POSITION ON WITHDRAWAL ISSUE NOW APPEARS TO HAVE BECOME FIXED. SUBANDRIO HAS SAID IN EFFECT THAT SOME INCIDENTS WERE EXPECTED WHEN CEASE-FIRE NEGOTIATED AND SHOULD NOT BE ALLOWED UNDULY INFLAME SITUATION WHILE BOTH SIDES CONTINUE EFFORTS PREVENT SUCH INCIDENTS. ON WITHDRAWAL, GOI WILL NOT AGREE TO UNILATERAL CHANGE IN MILITARY SITUATION GOING BEYOND CEASE-FIRE PRIOR TO POLITICAL SETTLEMENT, WHEN, SUBANDRIO HAS STATED, GUERRILLA PROBLEM "WILL SOLVE ITSELF". NOT FEASIBLE EXPECT NOW THAT INDOS WILL PUBLICLY RETREAT FROM

PAGE FOUR RUMJBT 1425A C F K N F I D E N T I A L
THIS POSITION WHICH HAS EVOLVED OVER PAST WEEKS. THEREFORE, QUESTION IS WHAT CAN BE OFFERED/GOM AS SUITABLE PROGRESS ON CEASE-FIRE QUESTION. BELIEVE IT JUST POSSIBLE WE MIGHT REASSURE

CONFIDENTIAL

CONFIDENTIAL

-3- 1982, February 28, from Dikembe.

SUBANDRIQ MAKE POSITIVE REFORMULATION OF GOI STAND IN TERMS OF FIRM STATEMENT TO RAZAK IN BANGKOK THAT, WHEN POLITICAL SETTLEMENT IS REACHED, GOI WILL COOPERATE IN ELIMINATING ANY GUERRILLA ACTIVITIES IN AREA AND CONFINING ACTIVITIES ITS NATIONALS WITHIN ITS OWN BORDERS. WHILE IMPLEMENTATION WOULD THEN STILL BE CONTINGENT UPON POLITICAL SETTLEMENT (WHICH MAIN POINT OF TWO PUBLIC POLICIES), FIRM COMMITMENT WOULD REPLACE STATEMENT THAT PROBLEM WOULD "SOLVE ITSELF".

ADDITIONALLY, BELIEVE WE SHOULD URGE UPON SUBANDRIQ IMPORTANCE OF PROMPT STATIONING OF THAI OBSERVERS IN BORNEO. IF FIRST DAY OF CONFERENCE COULD RESULT IN COMMITMENT ON FUTURE DISPOSITION OF GUERRILLAS AND JOINT STATEMENT THAT FINAL DETAILS AGREED BY ALL PARTIES FOR IMMEDIATE RPT IMMEDIATE STATIONING OBSERVERS IN EFFORT TO MINIMIZE FUTURE INCIDENTS, THIS MIGHT CREATE ATMOSPHERE IN WHICH MALAYSIA ABLE TO DISCUSS POLITICAL MATTERS.

IF OUR UNDERSTANDING OF GOM POSITION CORRECT, AT LEAST GENERAL OUT-LINE OF POLITICAL SETTELEMNT MUST BE FORESEEABLE BEFORE TUNKU WILL CONSIER SUMMIT CONFERENCE AT THIS TIME. THEREFORE, SOME PROGRESS MUST BE MADE IN MINISTERS' CONFERENCE BANGKOK. THANAT AND OTHERS HAVE NOTED THAT IT DIFFICULT FOR GOM SHOW ANY GIVE ON POLITICAL ISSUES UNTIL GOI WILLING MAKE AT LEAST INITIAL PRESENTATION OF WHAT IT WANTS IN THIS REGARD. THEREFORE, IT IMPORTANT THAT NEGOTIATING PROCESS ON POLITICAL SETTLEMENT ACTUALLY BEGIN UPCOMING BANGKOK CONFERENCE. FOR THIS TO OCCUR, SUBANDRIC MUST BE WILLING INDICATE WHAT HE

PAGE FIVE RUMJBT 1425A C O N F I D E N T I A L
WANTS.

IN ESSENCE, THEREFORE, BELIEVE OUR PRE-CONFERENCE APPROACH TO SUBANDRO SHOULD:

1. REAFFIRM IMPORTANCE OF SOME PROGRESS AT BANGKOK TALKS IF SUMMIT MEETING, AS ALLEGEDLY DESIRED BY GOI, TO BE POSSIBLE.
2. EMPHASIZE NECESSITY FOR SOME FURTHER DEFINITION OF CEASE-FIRE AND PROPOSE AGAIN THAT INDOS ACCEPT FIFTH CEASE-FIRE POINT PROPOSED AT FIRST BANGKOK MEETING (BANGKOK TEL 1288 TO DEPT). IF, AS WE ASSUME, SUBANDRIQ UNABLE ACCEPT THIS, SUGGEST WE URGE THAT GOI AT LEAST: (A) GIVE FIRM COMMITMENT HC GOM AT BANGKOK ON GUERRILLA QUESTION IN TERMS DISCUSSED THIRD PARA ABOVE, AND (B) AGREE TO AND PUBLICIZE IMMEDIATELY PRE-STATIONING OF THAI OBSERVERS AS MUTUAL EFFORT SEEK AVOIDANCE FURTHER INCIDENTS.

CONFIDENTIAL

CONFIDENTIAL

•4• 1802, February 23, Excess Distribution.

3. URGE THAT, AS NECESSARY PRE-REQUISITE TO PROGRESS, GOI MAKE KNOW ITS POSITION ON POLITICAL SETTLEMENT AT BANGKOK MEETING. IN THIS REGARD, BELIEVE IT WOULD BE COUNTER-PRODUCTIVE AT THIS STATE FOR USG TO SUGGEST SPECIFIC ASPECTS OF ANY POSITION AND BELIEVE WE SHOULD LIMIT OURSELVES TO URGING GOI PUT CARDS ON TABLE AND GET NEGOTIATION PROCESS STARTED.

GP-3

JONES

BT

ADVANCE COPY TO S/S-0 9:20 p.m.

NOTE: Passed White House 9:46 p.m.

CONFIDENTIAL

INCOMING TELEGRAM *Department of State*

2500Z

36

Action

55

Info

Code Sec
LIMDIS

Routing
DCI
D/DCI
AD/CI
DDI
AD/NE
DDP
ADOP

REF: EMBTEL 1802

Q/EE
—
—
—
RF

ADDED
DO-1

CONFIDENTIAL

RR: RUEHCR
DE RUMJBT 1455A 29/0645Z
R 29/0630Z ZEA
FM AMEMBASSY (DJAKARTA)
TO RUEHCR/SECSTATE WASHDC
INFO RUHPA/CINCPAC
RUMJKL/AMEMBASSY KUALA LUMPUR
STATE GRNC

BT
CONFIDENTIAL ACTION DEPT (1804) INFO CINCPAC 621
KUALA LUMPUR 651 FROM DJKARTA FEB 29 1PM

CINCPAC FOR POLAD

LIMDIS

REF: EMBTEL 1802

I HAVE FOLLOWING ADDITIONAL COMMENTS SUBJECT REFTEL:
THERE IS NO QUESTION BUT THAT IN MINDS OF INDO
LEADERSHIP DOMESTIC ECONOMIC PROBLEMS LOOM LARGE AND,
AS DEPTEL ASSUMES, CONSTITUTE IMPORTANT REASON FOR
INDOS WANTING POLITICAL SETTLEMENT. FACT THAT SUKARNO
CFN 1804 621 651 29 1PM 1802

PAGE TWO RUMJBT 1455A CONFIDENTIAL
DOES NOT WANT TO ADMIT PUBLICLY HOW BADLY OFF INDO
ECONOMY IS (EMBTTEL 1803) DOES NOT MEAN HE DOES NOT
REALIZE WHAT HE IS UP AGAINST. KEY QUESTION, HOWEVER,
IS EXTENT TO WHICH THIS CONSIDERATION WEIGHS IN WITH
SUKARNO AND WILL DETERMINE HIS ACCEPTANCE OF OTHERWISE
UNACCEPTABLE FORMULA. IN A WORD, THE ANSWER AS REFTEL INDICATES,
IS PROBABLY "VERY LITTLE".

I THINK THAT SUKARNO'S REACTION WILL DEPEND UPON
ATMOSPHERE OF TALKS AS MUCH AS ANYTHING ELSE. BOTH INDOS
AND PHILS HAVE COMPLAINED HERE OF TOP LOFTY ATTITUDE OF
MALAYSIAN NEGOTIATORS. I AGREE WITH DEPT THAT BEST
CHANCE OF RESCUING TALKS AT THIS STAGE IS SUMMIT
MEETING TO FOLLOW ON HEELS OF MINISTERIAL MEETING AND
THAT BOTH HERE AND KUALA LUMPUR EVERY EFFORT SHOULD BE
EXERTED TO INDUCE PARTICIPANTS TO SET STAGE FOR SUMMIT.

CONFIDENTIAL

REPRODUCTION FROM THIS COPY IS
PROHIBITED UNLESS "UNCLASSIFIED"

CONFIDENTIAL

-2- 1804, FEBRUARY 29, 1 PM, FROM DJAKARTA

WHAT WE SHOULD GUARD AGAINST, HOWEVER, IS ANY ASSUMPTION THAT INDO ECONOMIC PROBLEMS WILL INDUCE SUKARNO TO STAGE MAJOR RETREAT. AS WE HAVE REPEATEDLY EMPHASIZED OVER PAST MONTHS, SUKARNO MUST BE PRESENTED WITH SOME KIND OF FACE-SAVING FORMULA --- IT IS FOLLY

CFN 1803

PAGE THREE RUMJBT 1455A C O N F I D E N T I A L
TO ASSUME (AS SOME BRITISH HAVE BUT AS DEPT NEVER HAS) THAT SUKARNO DRIVEN INTO CORNER, WILL CAVE IN. HE WOULD BRING DOWN PILLARS OF TEMPLE FIRST.

IF GENUINE ATMOSPHERE OF GOOD WILL CAN BE CREATED DURING TALKS, AND BY THIS I MEAN EXERTION OF EFFORT BY BOTH SIDES TO UNDERSTAND PECULIAR POLITICAL DIFFICULTIES FACED BY OTHERS, THEN I THINK ECONOMIC AND MILITARY PRESSURES MAY BECOME IMPORTANT ELEMENT IN SHIFTING THE BALANCE AND INDUCING INDOS TO AGREE TO FORMULA GOM MIGHT ACCPET. BUT IF EMOTIONALISM RATHER THAN REASON TAKES OVER, INDOS WILL PROVE TO BE TOUGH BARGAINERS INDEED AND TALKS ARE VERY LIKELY TO BREAK UP.

AS FOR ATTITUDE OF MILITARY, ALL EVIDENCE WE HAVE IS TO EFFECT THAT ALTHOUGH MILITARY WOULD NOT WELCOME ALL-OUT WAR, IT IS INTERESTED IN CONTINUING AND EXPANDING DANGEROUS GAME FOR PARA-MILITARY OPERATIONS WITH VIEW TO WEARING DOWN THE BRITISH.

THIS MEANS THAT WHEREAS TIME IS ON OUR SIDE IN INCREASING ECONOMIC PRESSURES ON SUKARNO, DANGERS OF

PAGE FOUR RUMJBT 1455A C O N F I D E N T I A L
MILITARY EXPLOSION ALSO INCREASE WITH PASSAGE OF TIME. THIS UNDERLINES TO ME VITAL IMPORTANCE OF ALL PARTIES CONCERNED EXERTING EVERY EFFORT AT BANGKOK TO ACHIEVE SUFFICIENT MEASURE OF AGREEMENT ON POINTS FINAL PARA EMBTEL 1801 TO PERMIT SUMMIT MEETING TO BE HELD IN NEAR FUTURE.

IN LIGHT OF CANBERRA'S 648 TO DEPT, 75 TO DJAKARTA, DEPT MAY WISH TRANSMIT FOREGOING TO CANBERRA.

GP-3. JONES

BT

CFN 1801 648 75 GP-3

CONFIDENTIAL